

Message Text

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17

ORIGIN EB-07

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DRAFTED BY EB/TCA/MA:CTAYLOR,JR.:BST

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MARAD:JHOEN (SUBS)

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FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

INFO AMEMBASSY ROME

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ROME FOR MARATT

E.O. 11652: N/A

TAGS: EWWT, YU

SUBJECT: REPORTED DISCRIMINATORY BANK DISCOUNT PRACTICES
IN YUGOSLAVIAN EXPORT TRADE

REF: A) BELGRADE: 6059; B) STATE 223507

1. FOLLOWING IS SUMMARY OF EVIDENCE OF YUGOSLAV BANK DIS-
COUNT PRACTICES AVAILABLE TO MARAD AND DEPARTMENT:

A) IN JUNE 1975, AMERICAN EXPORT LINES VERBALLY INFORMED
MARAD AND DEPARTMENT THAT YUGOSLAV SHIPPERS WERE GIVEN 20
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PERCENT CASH BENEFIT IF THEY USED YUGOSLAV VESSELS. FYI

ONLY. AEL PROVIDED NO DOCUMENTARY EVIDENCE BUT DID SAY THAT JUGOLINIJA REPRESENTATIVE IN GENOA, KOVACIC, HAD CONFIRMED TO AEL REPRESENTATIVE THAT YUGOSLAV BANKS GIVE 20 PERCENT DISCOUNT TO EXPORTERS USING YUGOSLAV SHIPS AND ALSO STATED THAT THERE IS A COMMITTEE OF YUGOSLAV SHIP-OWNERS AUTHORIZED TO ISSUE WAIVERS PERMITTING DISCOUNT FOR FOREIGN-FLAG SHIPS WHEN YUGOSLAV SHIPS NOT AVAILABLE. END FYI.

B) AS REPORTED REF B, SEA-LAND, IN ITS AUGUST 16 LETTER TO MARAD CONCERNING PR 17 WAIVER FOR EXIMBANK CREDIT 6138 MADE SIMILAR CHARGE. (AEL AND LYKES ALSO URGED THAT THE WAIVER NOT BE GRANTED, CHARGING DISCRIMINATION.) FYI ONLY. ALTHOUGH SEA-LAND PRESENTED NO SUPPORTING EVIDENCE WITH ITS LETTER, SEA-LAND HAD EARLIER PROVIDED DEPARTMENT WITH REPORT FROM ITS GENOA REPRESENTATIVE THAT JUGOLINIJA GENOA REPRESENTATIVE HAD CONFIRMED EXISTENCE OF BANK REBATES TO SHIPPERS USING YUGOSLAV SHIPS AND PORTS. END FYI.

C) REGIONAL MARATT MANFREDI REPORTED TO MARAD IN JULY 1975 THAT KELEZ OF JUGOLINIJA NORTH AMERICAN LINES HAD TOLD HIM THAT FREIGHT REVENUE DISCOUNT WAS ADOPTED TO DISCOURAGE OVERLAND CONTAINER SHIPMENTS TO NORTHERN EUROPEAN PORTS AND TO ENCOURAGE USE OF YUGOSLAV VESSELS. KELEZ ALSO STATED THAT YUGOSLAV SHIPPERS RECEIVE SAME DISCOUNT WHEN SHIPPING ON FOREIGN VESSELS PROVIDED THEY OBTAIN WAIVER FROM YUGOSLAV CARRIERS CERTIFYING NON-AVAILABILITY OF YUGOSLAV VESSELS.

D) CAPT. MEKJAVIC, JADROSLOBODANA DIRECTOR IN SPLIT, CONFIRMED TO MARATT THAT THERE IS YUGOSLAV REGULATION WHICH PERMITS 5-20 PERCENT FREIGHT REVENUE DISCOUNT TO EXPORTERS USING YUGOSLAV VESSELS. ON BASIS OF MORE RECENT CHECKS, MARATT HAS CONFIRMED TO MARAD THAT PRACTICES DESCRIBED BY KELEZ AND MAKJAVIC CONTINUE.

2. DEPARTMENT HAS SENT LETTERS TO THE THREE AMERICAN CARRIERS (AEL, LYKES AND SEA-LAND) STRESSING IMPORTANCE OF OBTAINING SUBSTANTIVE EVIDENCE OF YUGOSLAV DISCRIMINATORY PRACTICES AND URGING LINES TO MAKE EFFORT TO OBTAIN LIMITED OFFICIAL USE

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AND PROVIDE DEPARTMENT WITH SUCH EVIDENCE.

3. MARAD HAS ALSO ASKED REGIONAL MARATT TO TRY TO OBTAIN DOCUMENTARY PROOF OF YUGOSLAV PRACTICES. MARATT INFORMED MARAD THAT HE WOULD TRY TO DO SO BUT THAT DOCUMENTARY EVIDENCE DIFFICULT TO OBTAIN SINCE YUGOSLAV LAW PROVIDES EIGHT YEAR JAIL TERM FOR FURNISHING FINANCIAL DATA TO FOREIGNERS.

4. IN VIEW OF THIS REPORTED LAW AND OTHER PENALTIES
WHICH MAY APPLY IN YUGOSLAVIA, EMBASSY MAY WISH TO CONSULT
WITH MARATT ON WHETHER INFORMATION IN PARA 1(C) AND (D)
CAN BE USED IN PRESENTATION TO GOY AUTHORITIES AND DEGREE
TO WHICH IT SHOULD BE SANITIZED. SHIPPING COMPANIES FEEL
STRONGLY THAT FYI MATERIAL IN PARA 1(A) AND (B) SHOULD NOT
BE REVEALED TO GOY OFFICIALS. KISSINGER

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